

ANDREESSEN HOROWITZ

Open Source: From Community to Commercialization

Peter Levine, General Partner, Andreessen Horowitz • October 2019

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From Fringe to Epicenter

Developer



Open Software Foundation

Executive



Investor & Board Member



ALLUXIO



APOLLO



CUMULUS



GitHub



MESOSPHERE



netlify

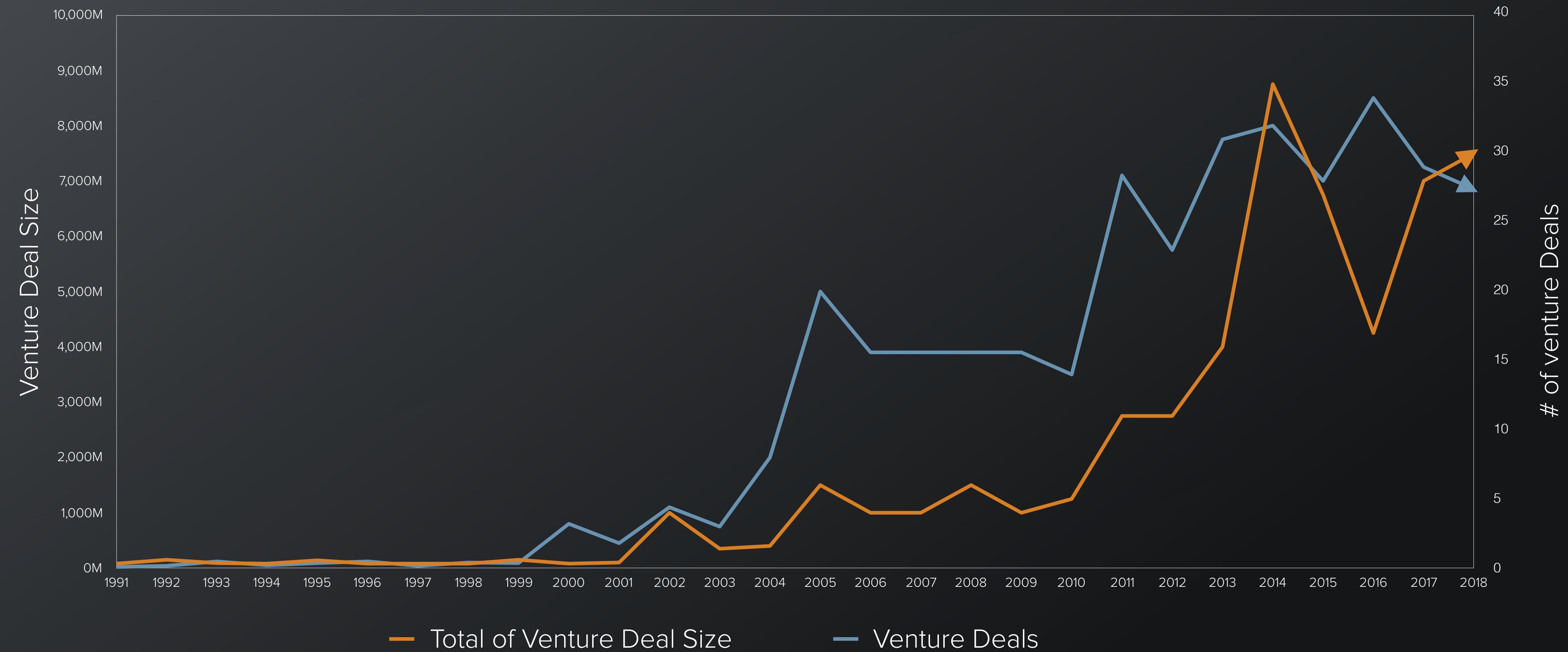


PlanetScale



The Open Source Renaissance

Venture Deal Volume and Total Sizes



Data source: PitchBook

This slide is for informational purposes only and should not be taken as investment advice.



Open Source Through the Ages



The Virtuous Cycle of Open Source



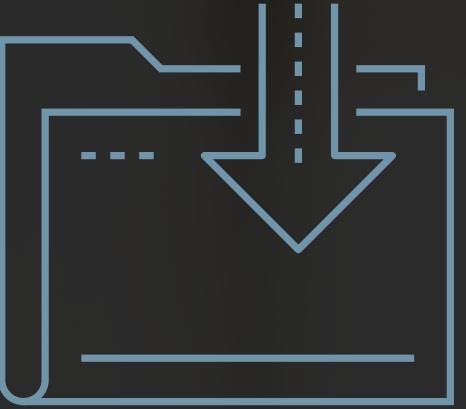
Three Pillars of Open Source



Project-Community Fit

Persona: Developers

Measure: GitHub Stars



Product-Market Fit

Persona: Users

Measure: Downloads



Value-Market Fit

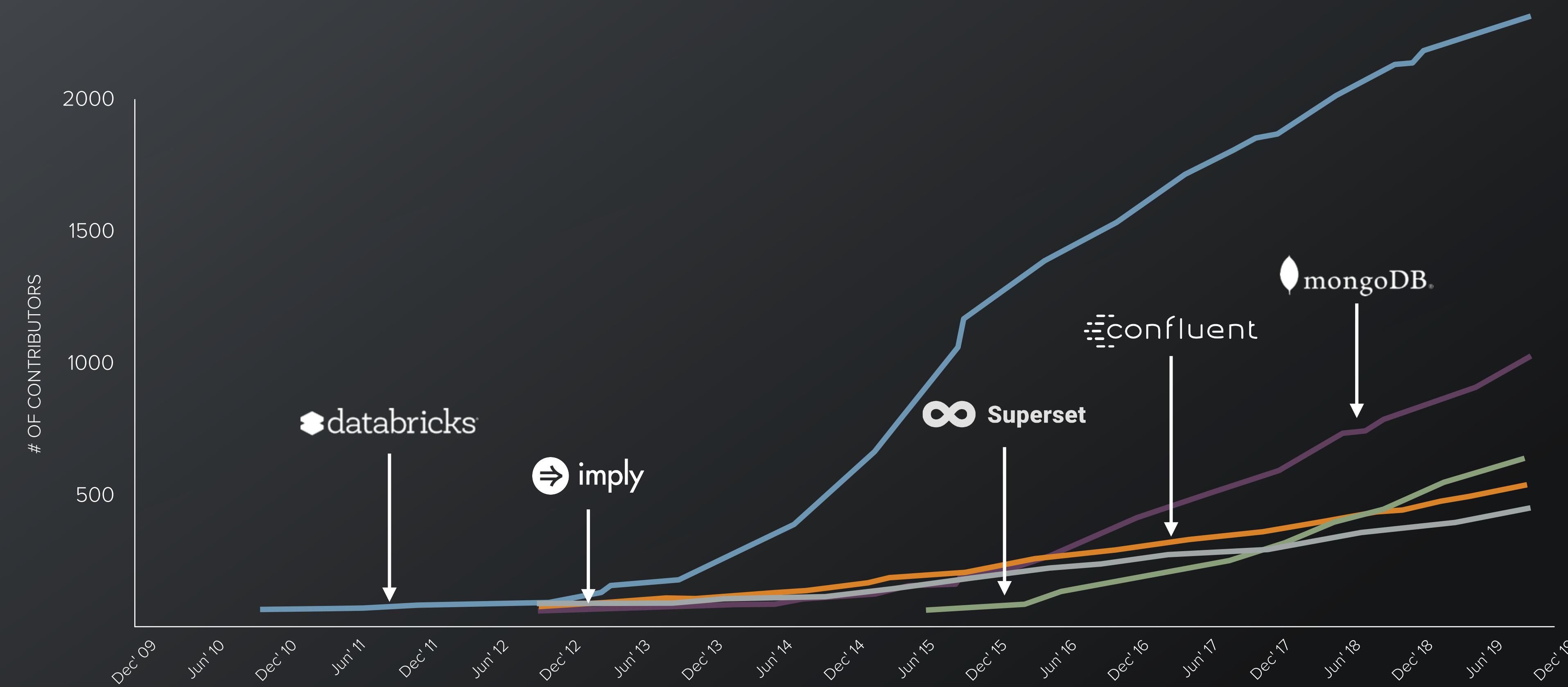
Persona: Buyers

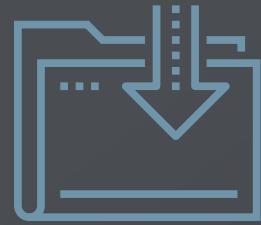
Measure: Revenue



Project-Community Fit

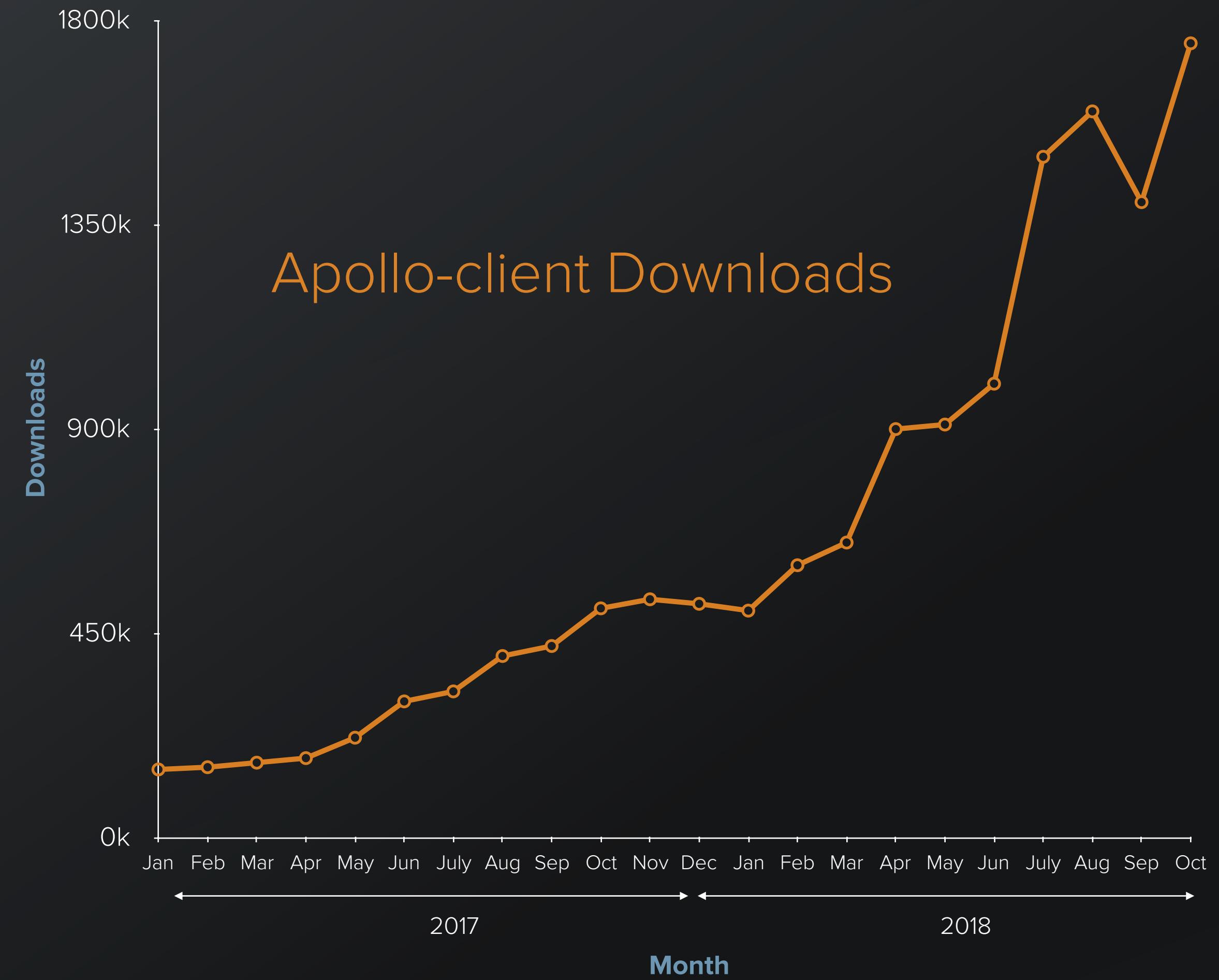
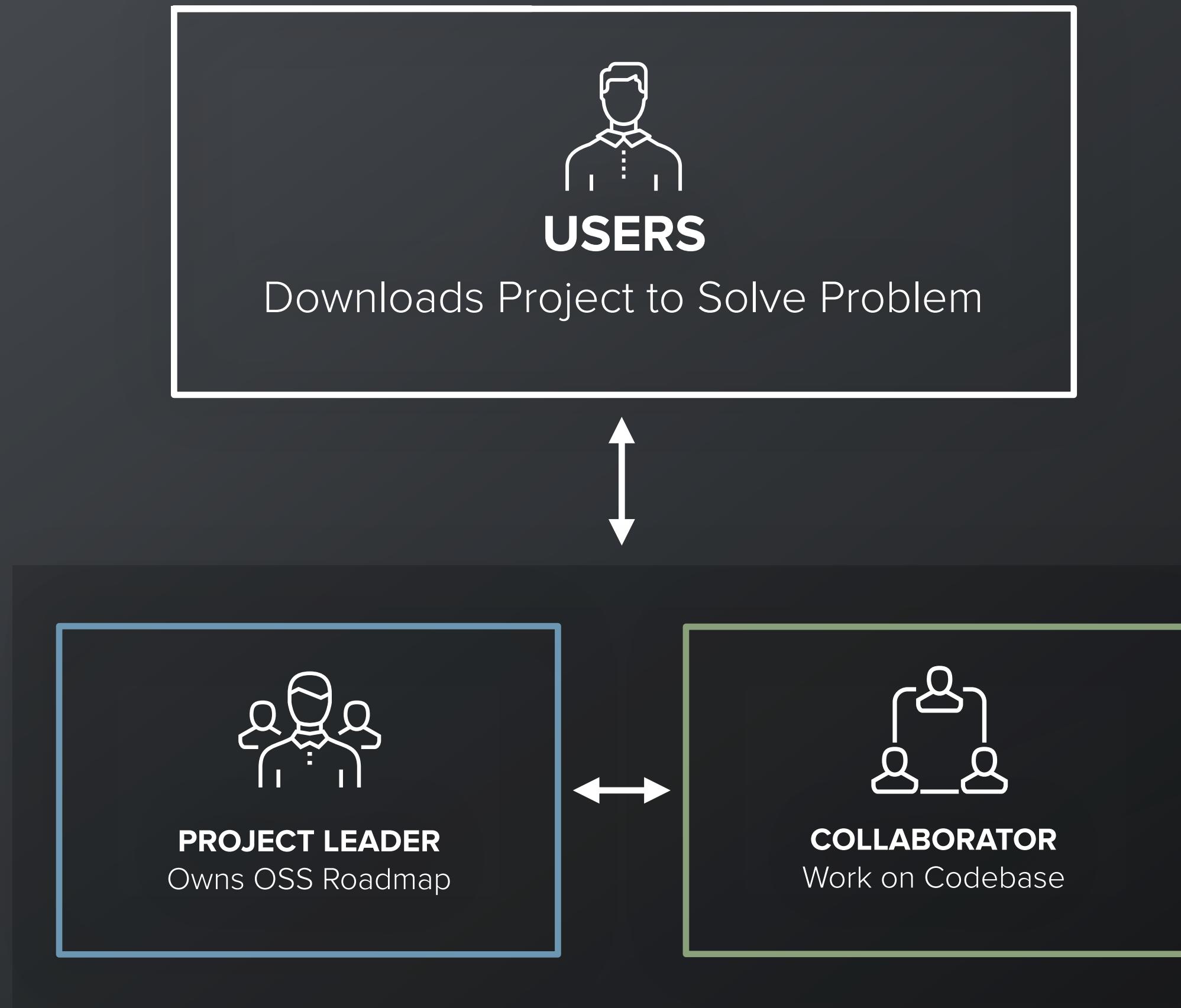
Goal: Critical Community Mass





Product-Market Fit

Goal: Organic Adoption





Value-Market Fit

Goal: Revenue from Value to the Enterprise



Performance



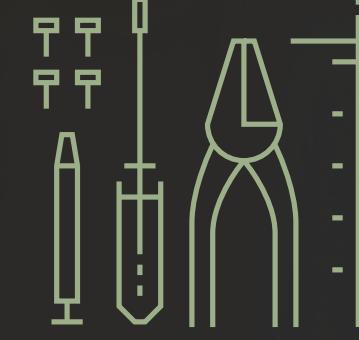
Auditing



Services



**RAS (reliability,
availability, security)**



Tooling, add-ons

Value-Market Fit Business Models

SUPPORT

What it Commercializes

Support & Services

Examples



OPEN CORE

What it Commercializes

Proprietary & enhanced functionality

Examples



SAAS

What it Commercializes

Hosting, tooling & operations

Examples



Cloud & Licensing

GeekWire

Why some open-source companies are considering a more closed approach

BY TOM KRAZIT on November 19, 2018 at 7:00 am



A scene from the KubeCon/CloudNativeCon 2018 open-source conference in Shanghai. (Cloud Native Computing Foundation Photo, via Flickr.)

FAST COMPANY

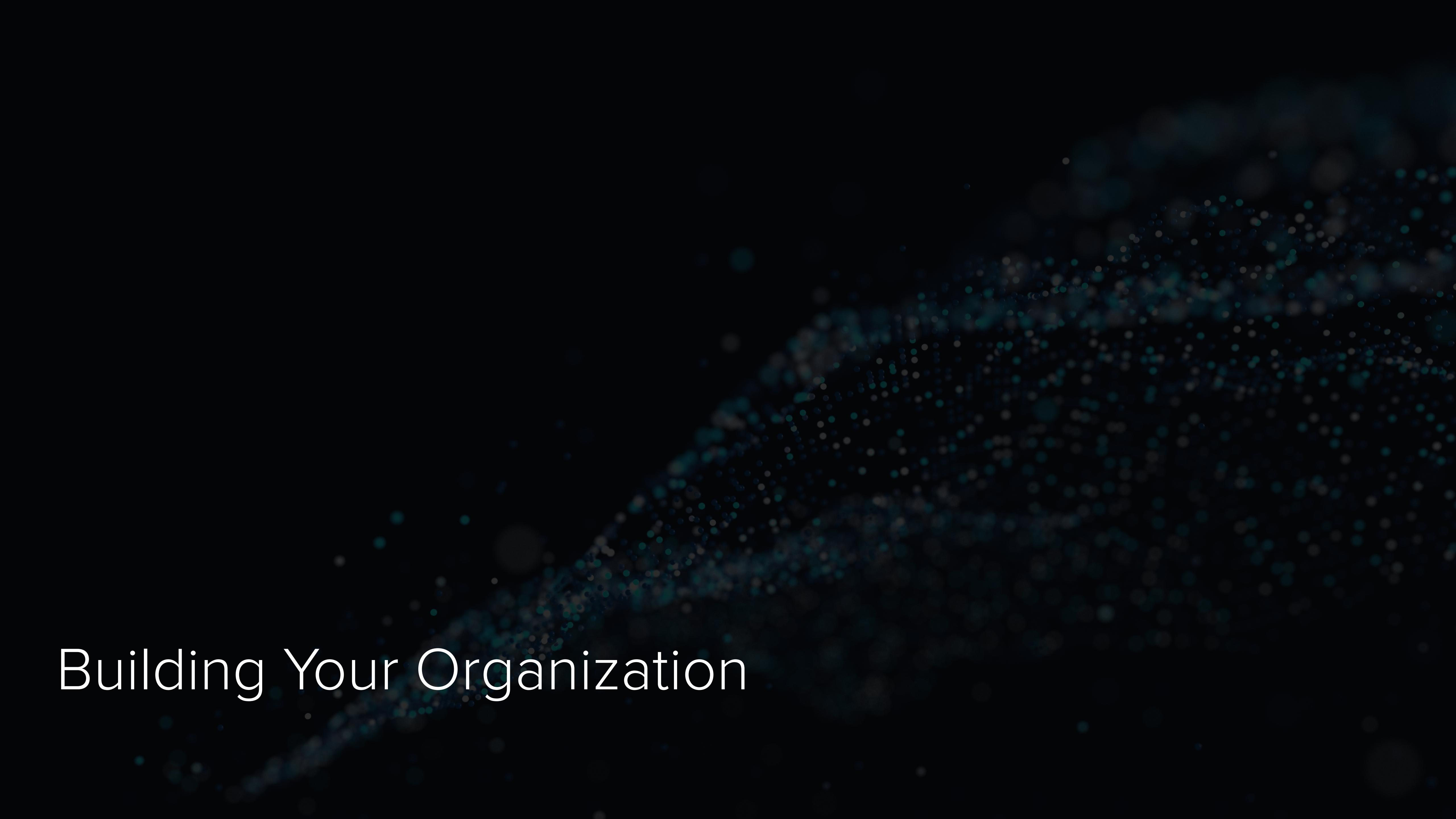
01.10.19

AWS launches MongoDB competitor amid criticism over Amazon's in-house products



[Photo: Flickr user Thomas Cloer]

BY STEVEN MELENDEZ
1 MINUTE READ



Building Your Organization

Open Source is Top-of-Funnel

AWARENESS & INTEREST

Developer Community Management

CONSIDERATION

Product Management

EVALUATION & INTENT

Lead Generation & Business Development

PURCHASE & EXPANSION

Self-Serve and Sales-Serve

Developer Community Management

Stage 1

Awareness & Interest

Developer Evangelism

Network of passionate technical experts drive word of mouth.

Branding

To keep your OSS name or brand your commercial offering separately?

Measure

User registrations and/or downloads.

Product Management

Stage 2

Consideration

Two Roadmaps

Managing the open and closed roadmaps is key function for most Founder CEOs.

Communication

Focus on transparent communication and R&D investment back into open source.

Analytics & Telemetry for Growth

Analytics are complex. Experiment to understand what predicts sales opportunities.

Lead-Gen & Sales Development

Stage 3



Outbound Marketing

Focus on specific market segments and well-known patterns from your inbound funnel.

SDRs

Learn more about users to understand your commercial use case beyond product analytics.

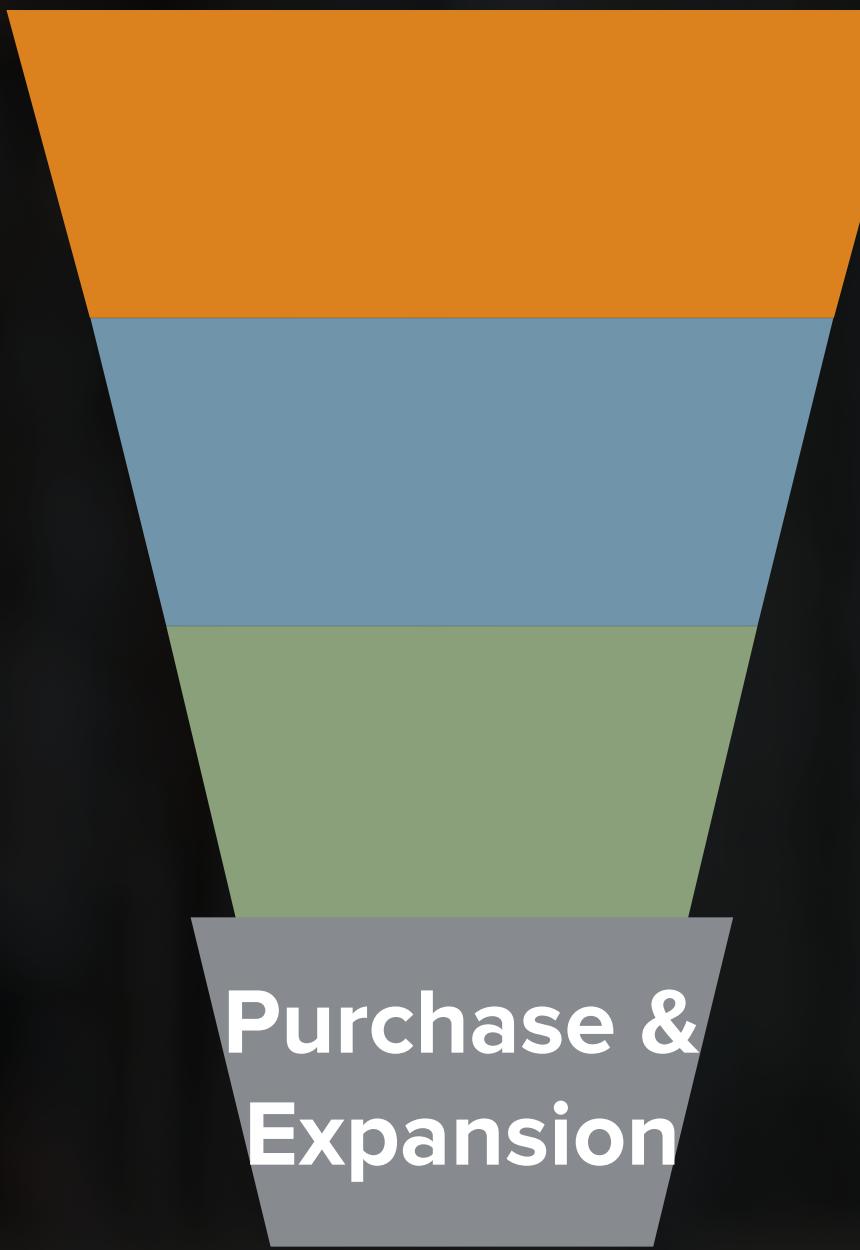
Filtering Leads

What organization does a developer represent?

Are they doing something with the OSS connected to the larger enterprise or just a hobby project?

Self-Serve and Sales-Serve

Stage 4



Self-Serve

Bottom up user adoption in single department or part of the enterprise.

Sales-Serve

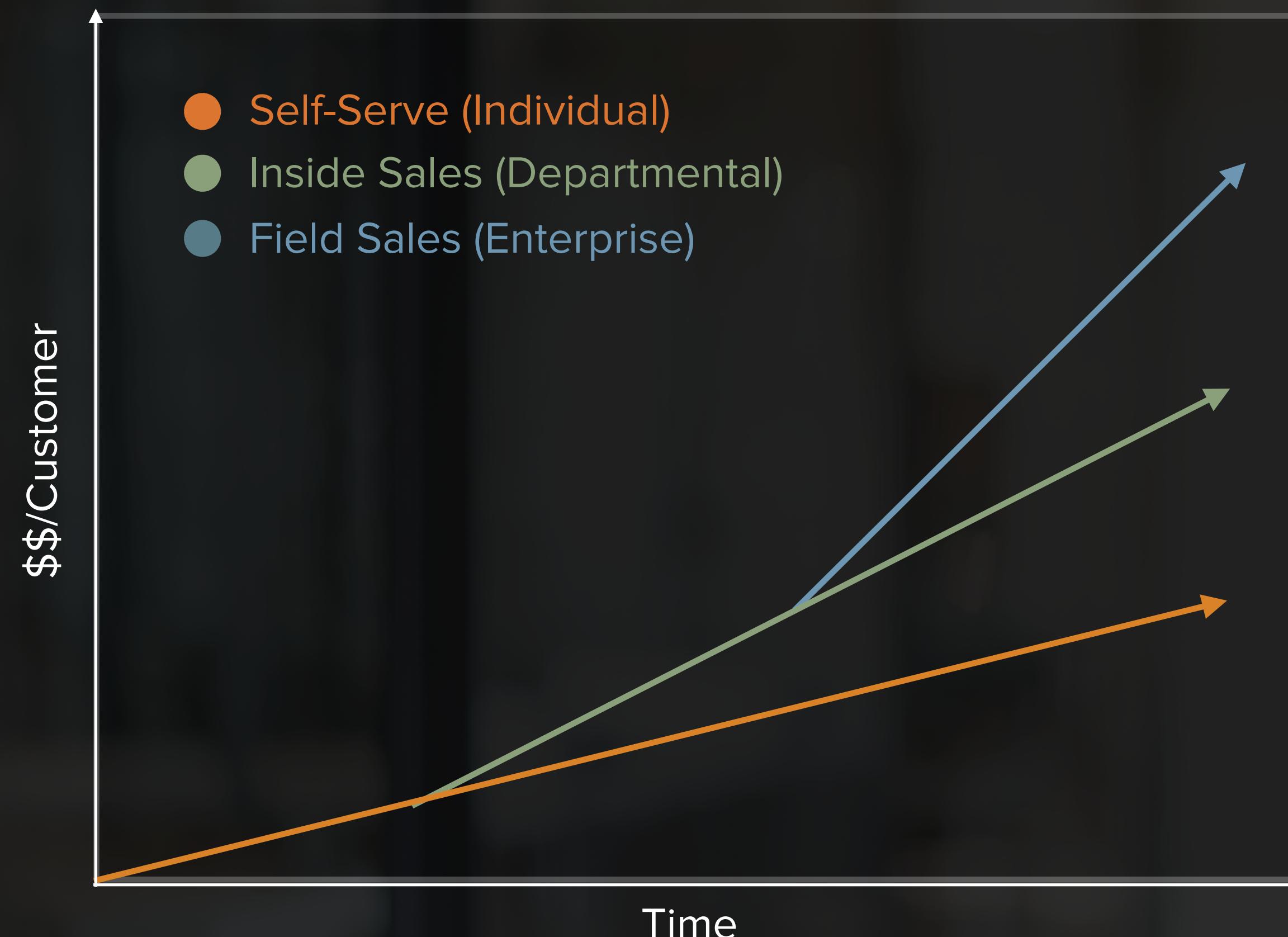
Top down sales motion to expand account across the enterprise.

Common Failure Modes

- 1) User doesn't lead to a buyer.
- 2) Growth falls behind enterprise sales.
- 3) Commercial offering kills developer cred.

What Success Looks Like

If all 4 stages of the funnel work harmoniously, you may see a graph like this.

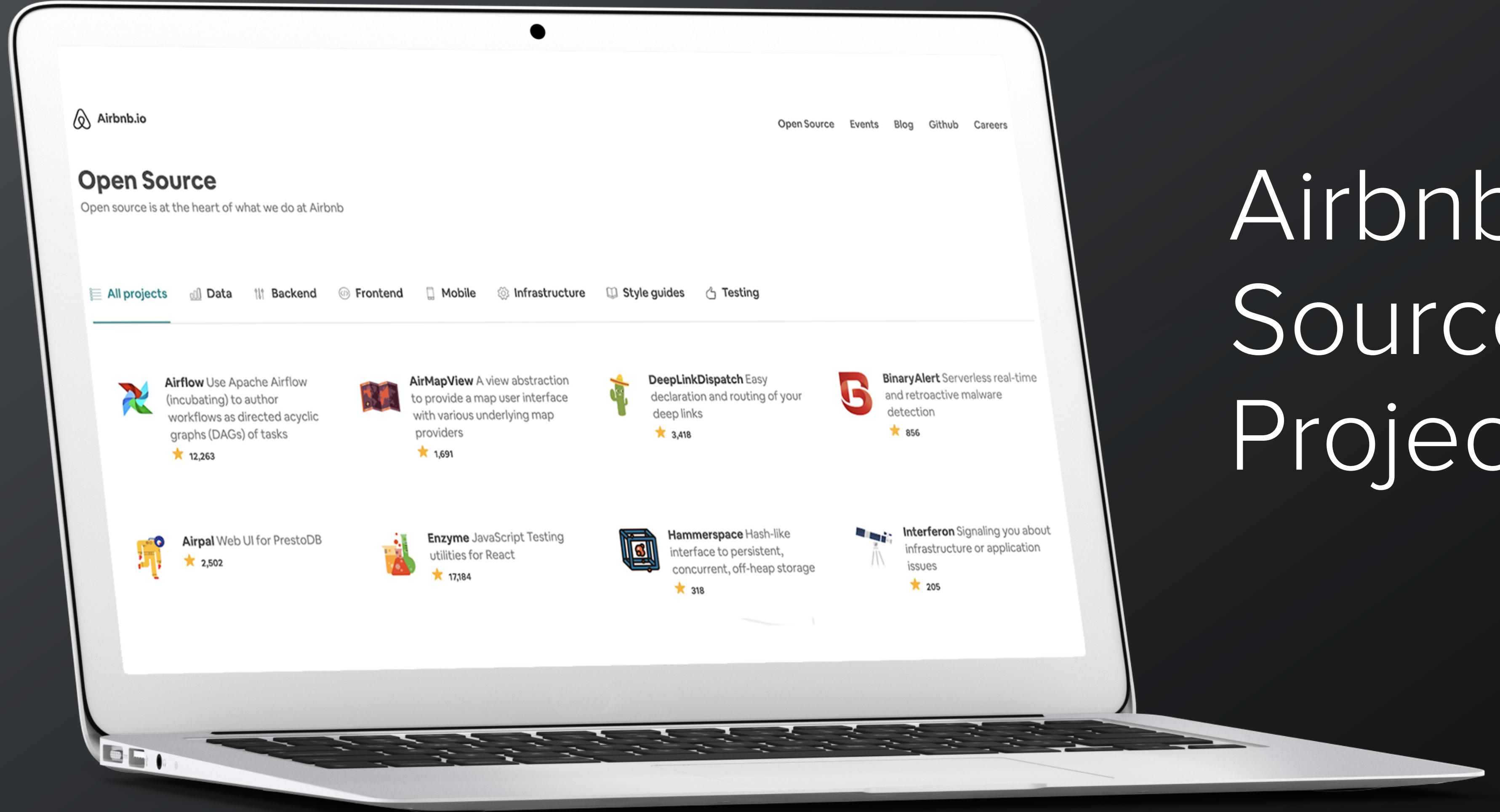


AND STAY FOCUSED ON:

How is your open source
and commercial offering
providing value to users?



Open Source 3.0



Airbnb Open Sourced **30+** Projects



Google Has
Open Sourced
2000+ Projects

As Software Eats the World, Open Source Eats Software





Open Source is a Key Part
of Every Company.

Panel Discussion

PANELISTS

Ali Ghodsi, Databricks

Armon Dadgar, HashiCorp

Peter Levine, Andreessen Horowitz

MODERATOR

Das Rush, Andreessen Horowitz

ANDREESSEN HOROWITZ